

FROM MERCHANTS TO SPEAKERS: THE COMMON ORIGINS OF TRADE AND LANGUAGE

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ABSTRACT

Adam Smith argued that division of labour and language are linked to the concept of persuasion. However, this paper asserts that trade in the long run and linguistic communication have their roots in trust and probity since both imply some sort mutuality; if not, neither one nor the other would occur as strategies in repetitive games show.

I. INTRODUCTION.

Adam Smith set forth a theory of language functions and linguistic communication which is relevant to economic behavior. Smith distinguishes three functions of language : communicative, narrative, and esthetic. The communicative function takes on two forms : persuasive (TMS, VII, iv p.336 ; WN I, ii p.25) and sympathetic (LRBL, i.17 p.9; i.73 p. 33 ; i.96 p.40; i.v.56 p. 25, etc). Smith takes the persuasive function of language from classical rhetoric, according to which (Aristotle, Rh.,1358b10) the main function of language is for the speaker to hold the listener in her sway. When Smith asks himself for the cause of the trucking disposition, which underlies trading, he finds the answer in persuasion. Thus in LJ (A vi, p.352), Smith asserts that the disposition to truck is founded on persuasion :

If we should enquire into the principle in the human mind on which this disposition of

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trucking is founded, it is clearly the natural inclination every one has to persuade. The offering of a shilling, which to us appears to have so plain and simple a meaning, is in reality offering an argument to persuade one to do so and so as it is for his interest

Later, when dealing with the division of labour in LJ (B) (pp.492-3), Smith links the division of labour to the “propensity in human nature for one man to barter with another, which is common to all men and known to no other animal “. In LJ (B) (p.493), he assumes explicitly that “the real foundation of it [the propensity] is that principle to persuade which so much prevails in human nature.” It then follows in a natural way that the division of labour is founded indirectly in persuasion, which is one function of language. Thus in LJ Smith anticipates the same argument on which division of labour is founded in WN (I, ii, p.25), where he believes likely that this propensity is “the necessary consequence of the faculties of reason and speech”.

At its most basic, persuasion is a common linguistic strategy with which a speaker not only tries to convince a listener to perform a determined task, but also convinces the listener of the fact that the task at hand is in her own best interest (Brooks and Warren, 1970). Interestingly, Smith assumes, as we have shown in the above mentioned texts of LJ, this persuasive use of language to be a stimulating factor behind exchange, or trade. In addition to persuasive communication, Smith outlines another type of interaction, which we will refer to here as sympathetic-inferential communication (Grice, 1967 ; Bach and Harnish, 1979), through which a speaker transmits her feelings or intentions to other speakers using a plain style of speech. This particular type of communication, contrary to the persuasive variety mentioned earlier, is considered the type used in *free* or *civil* conversation (TMS VII, iv, p.337).

The claim that language and the division of labour are indirectly linked to the concept of persuasion originates with Smith.¹ It implies the idea that language is a method of communication employed for social cooperation. And whereas in persuasive communication, the speaker receives a greater benefit than the listener, it is assumed that in the sympathetic style of communication, linguistic exchange is balanced. This article illustrates that, in the long run, both language and trade require the sympathetic use of linguistic communication.

The paper is organized in five sections. In sections two and three, the theoretical framework is laid regarding the functions of language, as Smith envisaged them, and their

¹ We review the literature on this topic in II i. Neither Schumpeter nor the other histories of economic thought we have studied record references to this link previous to Smith

relationship to the division of labor. This topic has been eluded to many times, as far back as the Greek philosophers, and later by William Petty and Bernard Mandeville. Nevertheless, the notion that persuasion is linked to the division of labor seems to be a concept exclusive to Smith, [Guang-Zhen Sun, 2005]. Moreover, the existence of the two types of communication, persuasive and sympathetic, is established in Smith, in which both styles of communication are compared in relation to the behavior of exchange or trade.

In section four we argue that both exchange, or trade, and linguistic communication have also their roots in trust and in the sympathetic style of interaction outlined previously. After all, it is the sympathetic style that favors both speaker and listener in an balanced exchange, while persuasive communication necessarily assumes a greater benefit for the speaker. Obviously, the notions of contractual interaction and trade must imply some sort of reciprocity; if not, trade would not occur, as the tit for tat strategies in repetitive games show. And even though one participant may come out of the deal with a greater benefit than the other, this is a matter of perspective and dependent on the point of view of the participants in the interaction.

II. SMITH'S DIVISION OF LABOR THEORY AND THE RHETORIC OF PERSUASION

The relationship between the communicative use of language and economic behavior appears for the first time in Adam Smith (WN, I.ii), in which Smith links language with the economic behavior of the exchange of goods, or trade. Throughout the course of TMS Smith illustrates the relationship between the seemingly unrelated topics of language, moral conduct and economic policy. The outcome of this relationship results in a theory of the functions of language and linguistic communication that also appears in LRBL (i.17 p.9; i.73 p.33; i.96 p.40; i.v.56 p. 25, etc), TMS (VII, iv pp.327-342), LJ (BP 220-222), and WN (I. ii p.25), and serves as the cornerstone of Smith's theory of moral sentiments, human conduct in general, and economic behavior. In TMS, the theoretical requirement known as the propriety of speech (McKenna, 2006) plays an important role, while economic behavior implies a dependence on persuasion, a communicative use of language. In the LJ however Smith asserts that, in order to succeed in business in the long run, merchants must base their dealings on trustful communication.

II.1. - Division of labor and its relationship to persuasive communication.

Smith asserts in WN (I p.13) that division of labor is the main factor behind economic growth. There are, of course, many precedents of this view. But, after a careful scrutiny of the literature, it should be argued that the association between the use of language and the division of labor is, indeed and indisputably, original to Smith.

Most studies in the history of the ideas on division of labor begin with a reference to Plato's Republic. Similarities and differences between Plato and Smith's concepts on division of labor have been discussed in the literature. Foley (1974 and 1975) and more recently Vivenza (2001) insists in the manifest influence of Plato on Smith. But, at the same time, it is clear that differences are important. The main one is that for Plato and other early philosophers, division of labor is based on the societal economic needs and leads to social stratification and labor immobility. While Smith describes the manufacturer division of labor, Plato and Xenophon deal exclusively with the division of labor by individual activities (cloth-makers, shoe-makers, tailors etc) (McNulty 1975). And, of course, neither in Plato nor in other Greek writers or medieval thinkers that comment on division of labor – such as Aquinas – is even a nonchalant association made between the division of labor and language.

It is interesting to remark that even in later analysis of the division of labor (Petty, Mandeville), that use an approach similar to Smith's, no relationship between division of labor and language is established. And this is true even for William Petty who was concerned with issues of language and grammar, eventually publishing "A Dictionary of Sensible Words". In his years as professor at Oxford, Petty formed part of the circle of linguist and mathematician John Wallis and mathematician and philosopher John Wilkins. Together these three would, in due course, go on to partake in a project regarding universal language. But he did not apply his ideas on linguistics to his political economy. And even though Mandeville addresses the topic of language to a certain extent in his satire (Mandeville, 1714-1729), vol. 2, Dialog VI), arguing in favour of a persuasive function of language, one could search in vain for even a passing link between language and the division of labor. For that, we must turn to Adam Smith.

The relationship between the communicative use of language, trade, and the division of labor in Smith is not an explicit matter and Smith did not worked out a detailed chapter or book on this relationship. Even so, Smith's economic and linguistic theories do provide sufficient support for this associative claim. First of all Smith defends the position that both the division of labor and language and cooperation are exclusive traits to human beings²:

² Both the division of labor and cooperation and exchange are exclusive to the human species. Chimpanzees and cappuccino monkeys of the same social group will commit themselves to the cooperative hunt (Stanford, 1999; de

It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts. (WN I. ii, p.25)

According to him, animals acquire what they want from other animals or man by way of adulation. And while man as well uses this technique, the habitual mode is by persuasion (WN I ii, p. 26)

He will be more likely to prevail if he can interest their self-interest in his favour, and show them that it is for their advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer... so it is the same trucking disposition which originally gives occasion to the division of labour.

This same account for the propensity to exchange and persuasion is repeated in LJ (A vi. p. 352):

If we should enquire into the principle of human mind on which this disposition of trucking is founded, it is clearly the natural inclination every one has to persuade. The offering of a shilling, which to us appears to have so plain and simple meaning, is in reality offering an argument to persuade one to do so and so as it is for his interest. Men always endeavor to persuade others... and in this manner every one is practicing oratory on others thro the whole life.

Moreover, both in LJ (A vi. pp. 220-222) and WN (I. ii, p.25) he points out that the division of labor could have been the logical consequence of language:

The division of labour...is the necessary, though very slow and gradual consequence of a certain propensity in human nature... the propensity to truck, barter, and exchange one thing for another. Whether this propensity be one of those

Waal and Berger, 2000), but the non-human primates do not make use of the division of labor (Wilson, 1975). What is more important still, neither chimpanzees nor the cappuccino monkeys understand the actions of the other in that cooperation (Chalmeau, Visalberghi and Gallo, 1997)

original principles in human nature... or whether it be the necessary consequence of the faculty of reason and speech, it belongs not to our present subject to enquire.

Although in the preceding passage WN suggests that both reason and speech are responsible for the division of labor, further sections of WN (I.ii,p.27), as well as LJ (A vi. p. 56), are less ambiguous about this association, concluding that this division is ultimately dependent on persuasion.

Smith's intuition³, which understands the division of labor as a result of the communicative use of language, has struck a chord not only in Economics, but in Linguistics as well. As follows, language for Smith is a manifestly communicative and cooperative system, as opposed to Condillac's (1746) idealization which understands language as merely an intellectual activity which facilitates thinking, and disparate to Humboldt's (1836) conception of language as a *Weltanschauung* (or *World View*). The link between linguistic communication and the division of labor, or specialization, introduces language as a phenomenon of social cooperation. Smith makes it known that only where there is cooperative division of labor will there also be communication as a requirement of cooperation.⁴

III. - THE TWO STYLES OF COMMUNICATION IN ADAM SMITH

In LRBL⁵ (LRBL, i.17 p.9; i.73 p. 33; i. p.96 p.40; i.v.56 p. 25, etc) Smith characterizes three functions of language: communicative, narrative, and esthetic. The narrative function deals with the description of objects and facts (LRBL, 12), while the esthetic function has as its main objective to entertain or interest the listener. This esthetic function can be subcategorized into two different forms: prose and poetry. Poetry, which historically precedes prose, accompanies music and diversion and is common to all inhabitants of every municipality, regardless of the

³ Bazerman (1993) claims that WN is a project based on rhetoric, but does not explain how persuasion is a method of communication nor what type of communication is involved in persuasion.

⁴ It seems rather surprising then that most studies which have dealt with the topic of language in Smith (Berry, 1974; Plank, 1992; Dascal, 2006) never make any mention of the communicative use of language and the division of labor. As a matter of fact, some of the most important theoreticians in 20th century Linguistics vehemently defend the notion of language as a function of social cooperation, but avoid even a simple reference to Smith. Gardiner (1931, 1951) Bloomfield (1933) and Bühler (1934, 1990) all recognize that language is a method of communication by which an emitter/speaker exercises some influence over a receptor/listener. Particularly, Gardiner insists in the cooperative character of language, which he believes is rooted in the social nature of man and the dependence that each individual has on one other. Only Bloomfield (1933, §2.2) associates language and the division of labor, but evades any citation of Smith.

⁵ LRBL have been studied by J.C. Bryce (1992), A. Skinner (1983), W.S. Howell (1975) and Salvucci (1982).

socio-cultural or socio-economic status of the populace. Prose, on the other hand, is a convention of trade and commerce, and represents the communicative style found in commercial contracts: “No one ever made a bargain in verse; pleasure is not what he there aims at” (LRBL, ii.116).

The communicative function can be further distinguished into two types: (i) persuasive communication and (ii) sympathetic communication. Persuasive communication corresponds to the model of language conceived by Plato (*Phedro*) and Aristotle (*Rhetoric*) which understands language as an instrument of man, i.e. an organon to inform about things and to move the behavior of the listener, while the sympathetic variety is consistent with the current model of inferential communication (Grice, 1967 ; Bach and Harnish, 1979). The didactic function of language is assimilated by Smith to the persuasive use of language (LRBL i. pp. 83-85 ; ii. p.14):

The Didactic and oratoricall compositions consist of two parts, the proposition which we lay down and the proof that is brought to confirm this ;whether this proof be a strict one applied to our reason and sound judgment, or one adapted to affect our passions and by that means persuade us at any rate.

In the following sections, we will address both kinds of communication.

III.-1 Persuasive, or Machiavellian, communication

The theoretical justification for persuasive communication takes its inspiration from the classical notion of language as an instrument, or rhetoric as it were. This model holds that language is a tool used by an emitter, or speaker, to relay information as well as to appeal to or influence the behavior of the receptor, or listener. In human rhetorical communication, the speaker is not trusted because of what he says, but rather due to his ethos, which can be feigned. It is for this reason precisely that this mode of communication can be called Machiavellian.

Machiavelli has been accused of immorality because he accepts that some bad actions can be worth accepting if they are directed to reach power and power is used in the benefit of the commonwealth (*crudeltà bene usate*). Of course Machiavelli thinks that is praiseworthy that a prince honours his word and promises. But he knows that often this is not the best road to succeed in politics. In our times (“Ne’ nostri tempi”) Machiavelli asserts- we can see that the

most illustrious and successful princes are not those that show an honest and decent character, but those that are ready to cheat. Princes –he thinks- have some times to act as wolves or lions.

In *The Prince* (chapter XVIII), he recommends that the governor simulate a trustable character: “it could be easily shown how many treatise of peace, and how many engagements have been made null and void by the faithfulness of princes. But it is necessary that the prince should know how to color this nature well, and how to be a great hypocrite and dissembler. For men are so simple that the deceiver will never lack dupes.”

It is interesting to note that Smith’ ideas about politicians and ambassadors were not so different. In LJ (539) Smith writes:

“They whom we call politicians are not the most remarkable men in the world for probity and punctuality. Ambassadors are still less so: they are praised for any little advantage they can take, and pique themselves a good deal on this degree of refinement. The reason of this is that nations treat with one another not above twice or thrice in a century, and they may gain more by one piece of fraud than (lose) by having a bad character. France has had this character with us ever since the reign of Lewis XIVth, yet it has never in the least hurt either its interest or splendour”

Why do politicians and ambassadors find themselves in this situation? Smith explains that they are not making contracts everyday and can obtain large benefits in specific deals, with the result that the value of the loss of their reputation is less than the benefit obtained from their success in the short term.⁶

That which we may call the politicians’ game or the ambassadors’ game is a non-cooperative game because having a reputation for being honest and abiding by the law is of little economic value to the players. What is important to the economic agents in these cases is to achieve the best possible outcome in the short term. In one shot games, when the parties are faced with the option of pursuing a strategy of cooperation – in our case, of behaving honestly and abiding by one’s word – and not cooperating – here the pursuit of immediate success – the parties will pursue the latter.

⁶ The model is designed, no doubt, for a different world than our own, where the politician, at least in a democratic system, is constantly in the eye of the public so that he should think that the loss of his reputation would cost him dearly. However, many people still believe that today, as before, politicians do not stand out precisely for their integrity. See Albert and Cabrillo (2006).

It should not seem striking then that Smith (WN, III.ii.), as Machiavelli and Mandeville (1714-1729, part 2)⁷ admits that persuasion is at the service of the proprietor who is versed in such use of language: “The pride of man makes him love to domineer, and nothing mortifies him so much as to be obliged to condescend to persuade his inferiors”. In LJ (iii. p. 60) Smith goes on to assert that persuasion requires seduction: “for there is always some seduction necessary to persuade”.

In TMS (VII. iv. p.336), there appears, time and time again, the notion that moral conduct, which includes the desire to be believed and to persuade, is a natural desire that underlies both the capacity to produce language and commercial exchange. And of all the affronts which a person might suffer, the worst is that of being thought a liar, since this accusation diminishes our capacity to persuade:

“The desire of being believed, the desire of persuading, of leading and directing other people, seems to one of the strongest of all our desires. It is the instinct on which is founded the faculty of speech, the characterized faculty of human nature. No other animal possesses this faculty, and we cannot discover in any other animal any desire to lead and direct the judgment and conduct of its fellows... Great ambition, the desire of superiority, of leading and directing, seems to be altogether peculiar to man, and speech is the great instrument of ambition, of real superiority, of leading and directing the judgment and conduct of other people.”

Persuasion drives not only exchange and division of labor, but rather society itself, and does so with greater brawn than sympathy is capable of wielding. Persuasive communication takes on the following form. The speaker/emitter (Em) directs an expression E_i , derived from a common language L , to a receptor/listener in which the expression refers to objects or states in a time-space context in order to influence the listener. This act of communication can be modeled as the function $F_1(\mathbf{Em(itter)}, \mathbf{E(xpression)}, \mathbf{Rc(eptor)}, \mathbf{O(bject)}, \mathbf{S(pace-time)})$.

In this model, speech is the expression of some characteristic, be it biological (man or woman), psychological (state of being), social or individual, in relation to the speaker. In Aristotle’s *Rhetoric* (Aristotle 1356a), the emitter’s speech conveys the trustworthiness (or lack

⁷ Bernard Mandeville (1729, Part 2). Mandeville denies that language serves to know the thoughts and feelings of the speaker, but in a phase preceding the evolution of the faculty of language, two beasts would have understood each other without the need for language.

thereof) of the speaker; naturally, she must demonstrate a good ethos in order to establish a certain trust with the receptor. From the listener's perspective, however, the speech is persuasive because listeners are "incapable" of inferring (Aristotle, *Rhet.* 1357a).

It is critical to bear in mind that in persuasion the speaker intends to domineer and seduce the listener. For sure, this technique in trickery by the tradesmen was censured by Smith in WN (Chap X, part.II.) when referring to the monopoly that the industrial corporations had in European cities, in striking contrast to the laborers, farmers and landholders of the era:

"They have commonly neither the inclination nor the fitness to enter into combinations; and clamour and sophistry of merchants and manufacturers easily persuade them that the private interest of a part, and a subordinate part of the society, is the general interest of the whole."

Persuasion, nevertheless, is a consequence of freedom. The lord who dominates his workers by slavery does not persuade, for he does not negotiate. When Adam Smith depicts the disadvantages of slavery versus the advantages of the free worker, he observes that with worker independence, salaries turn out less costly than to have the same work done by a slave. But worker independence demands negotiation, which contrasts significantly with the desire to dominate and direct others. Such desire to dominate prevails over persuasion in order to negotiate:

"The love of domination and authority over others, which I am afraid is natural to mankind, a certain desire of having others below one, and the pleasures it gives one to have some persons whom he can order to do this work rather than be obliged to persuade others to have to bargain with him, will forever hinder this from taking place"⁸.

III.2.- Sympathetic, or inferential, communication

⁸ Hegel would surely agree (1807: B.A. 3) since the essence of lordship is "the opposite of what it wants to be".

Together with the Machiavellian, or persuasive, model of communication, Smith presents yet another prototype of communication, which we will call here sympathetic communication. In this model, communicative speech is characterized by the objective of the speaker to awaken the interest, ideas, thoughts or sentiments of the listener in a mutual way. To obtain this end, the speaker must codify his speech with certain stylistic traits: perspicuity⁹, clarity (non-ambiguity), relevance, and propriety. These stylistic properties of rhetoric elaborated by Smith permit the listener to recognize or infer the intention of the speaker.

Of course, a certain mental faculty must also accompany these stylistic properties in order for the listener to surmise the intention of the speaker. This faculty is known as sympathy. The term sympathy in Smith covers the sense that interests us: “*the capacity to adopt the role of the other and adopt alternative perspectives of oneself*”. (Eisenberg, 2000, p. 678). In the same vein, Dellemotte (2005, p. 53) defines Smith’s sympathy as “the faculty by means of which an individual can perceive – by using her imagination – the feelings of the other, and to approve or disapprove them, depending on the particular case.” Thus the act of sympathizing, as Smith understand it, involves approving or disapproving the passions of another. Such approving or disapproving the passions comes effortlessly and instantaneously:

“When the original passions of the person principally concerned are in perfect concord with the sympathetic emotions of the spectator, they necessarily appear to this last just and proper, and suitable to their objects; and, on the contrary, when upon bringing the case home to himself, he finds that they do not coincide with what he feels, they necessarily appear to him unjust and improper... To approve of the passions of another, therefore, as suitable to their objects, is the same thing as to observe that we entirely sympathize with them”.

(TMS, I, p. 6)

Approving or disapproving involves putting in the other’s shoes: “To approve of another man’s opinions is to adopt those opinions, and to adopt those opinions, and to adopt them is to approve of them.” The sympathy needed to approve or disapprove of someone’s

⁹ In LJ ii.46 he explains that the ambiguity and uncertainty with regards to language in which contracts were written in the past damaged the validity of the contracts. Uncertainty with regards to language signifies that the language itself does not allow the intentions of the contracting individuals to be seen. As a result, the communicative speech used in contracts should follow a strict style.

passions may be called sentimental sympathy and it is what allows a sentiment to resonate from speaker to listener and make the listener *feel* for the speaker.¹⁰

This sympathetic-inferential model of communication appears in Locke, (*An Essay on Human Understanding* III, i. and ii.). As opposed to the models in which language is understood as an instrument by which some information is conveyed (see footnote 4), or other communicative models grounded in persuasion, Locke claims that the objective of language is merely to communicate the ideas and thoughts of a speaker to a listener. David Hume (1739), in the same vein as Locke, Hutcheson (1725), and Shaftesbury (1732), put his own personal twist on the study of human communication upon decidedly grounding this phenomenon in sympathy. It is worth mentioning that this concept of sympathy in Hume, and likewise in Smith, is equivalent to the broader concept of sympathy as the sharing of any feeling (DelleMotte, 2005)

Essentially, sympathy¹¹, as Hume envisages this concept (1739/1978, vol. 2, Book II, section xi), communicates a feeling from one person to another, and which already exists in the person receiving the message. However, communicated feeling does not emerge automatically, as, for example, does the vibrating sympathy of two guitar strings, but rather the imagination intervenes in order to symbolize the feeling.

Sympathy according to Hume, communicates feeling by way of expression, being perceived in the voice and in gestures (1739/1978, Book III, section i.), and produces the causes and effects of fondness, as well as others. The listener, hence, is capable of inferring this passion which ultimately results from sympathy. In this way, sympathy can be understood as a process of communicative inference, and Hume's scheme of sympathetic communication itself represents the ideal form of free linguistic communication.

Thus, in his essay "Of Political Society" found in *An Enquiry Concerning the Principles of Morals* (Section V, Part II, p. 228), Hume establishes what could be considered the archetype of the conservatory use of language, typical of the Enlightenment:

¹⁰ In contemporary psychological terminology, sympathy has been replaced by empathy. We agree with Wispé (1986, p.316) in that "questions raised by empathy can and should be raised with regard to the concept of sympathy. The point is that empathy has been the word of choice in psychology. "] And while sympathy causes some effect in the other, it is not necessary that the same perspective as the speaker.

¹¹ Also, Locke uses sympathy as feeling as a uniting force of society, although this concept does not play an exceptional role; see John Locke, *Economic Writings and Two Treatise of Government*, 1691, vol. 4 from *The Works of John Locke*, London, Rivington, 1824.

“The more we converse with mankind and the greater social intercourse we maintain, the more shall we be familiarized to these general preference and distinctions, without which our conversation and discourse could scarcely be rendered intelligible to each other general language, therefore, being formed for general use, must be moulded on some more general views, and must affix the epithets of praise or blame, in conformity to sentiments, which arise from the general interests of the community”.

In the same essay, Hume (ibid. p.229) insists on the necessity to make our sentiments more public and social, especially so if the interlocutor is not an intimate confidant. Conversation, accordingly, is submitted to an ethic norm based on approval or disapproval, as later Smith will go on to pronounce:

“The intercourse of sentiments therefore in society and conversation, makes us form some unalterable standard by which we may approve or disapprove of characters and manners.”

The sympathetic model of communication by which Hume is inspired, is later adopted by Smith. In TMS (VIII, p. 4), Smith envisions sympathy as the gear that moves sentiment to expression. Notwithstanding, the objective of sympathy is to direct the conversation, not exchange or trade:

“The great pleasure of conversation and society, besides, arises from a certain correspondence of sentiments and opinions, from a certain harmony of minds, which, like so many musical instruments¹², coincide and keep time with one another. But this most delightful harmony cannot be obtained unless there is a free communication of sentiments and opinions.”

Free communication, for Smith, communicates feelings and opinions, but to arrive at free conversation, Smith (TMS VII. iv. p.337) asserts:

¹² The comparison of the mind to musical instruments is first introduced in Hume’s *Treatise*, Book II Part Three, chapter IX, p.440.

“We all desire to feel how each other is affected, to penetrate into each other’s bosoms, and to observe the sentiments and affections which really subsist there. The man who indulges us in this natural passion, who invites us into his heart, who, as it were, sets open the gates to his breast to us, seems to exercise a species of hospitality more delightful than any other.”

This sentimental communication is quite incompatible with the persuasive type of communication mentioned earlier, where the speaker wants to exercise some influence over the listener. Sympathy, cites Smith, is not the appropriate means by which to promote the public welfare, nor manufacture, nor trade or commerce (TMS, IV. i. p.186), but rather persuasion:

“...if you would implant public virtue in the breast of him who seems heedless of the interest of his country...You will be more likely to persuade, if you describe the great system of public police which procures these advantages.”

Sympathetic communication is the objective of common language (LRBL, I p. 17-18) by which both speaker and listener make known their personal thoughts. In this same lecture, Smith presents a scenario analogous to a coordination game where two savages negotiate to establish sympathetic communication:

“Two savages who meet together and took up their dwelling in the same place would very soon endeavour to get signs to denote these objects which most frequently occurred and with which they were most concerned. The cave they lodged in, the tree from whence they got their food, the fountain..., would all soon be distinguished by particular names, as they would have frequent occasion to make their thoughts about these known to one another, and would by mutual consent agree on certain signs whereby this might be accomplished.”

The idea is that both savages get benefits from using the same words to identify objects or sentiments. The closer their relationship is, the larger are the benefits from using a common language.

Why is the acceptance of a single language superior to the use of different languages? A common language reduces transaction cost and raises efficiency as money or commercial law do. Put in a different way, the acceptance of l_2 moves the production possibility frontier of an economy to the right. In a Coasian approach we would say that language reduces the transaction

costs of acting in the market. According to Coase (Coase 1937) the existence of firms – and many other social organizations – can only be explained because transactions in the market are not free of cost and people use institutions smaller in size in order to avoid these costs. Therefore, institutions that reduce transaction costs create incentives for people to go to the market to buy and sell their products and services. So modern institutional economics meets Smith's ideas on the role of language as a tool for trade and division of labour.

In LRBL (v. p.56, i. p. 96, and i. p.133) Smith elaborates further on this sympathetic means of communication, according to which conversational language must communicate the sentiments of the speaker (LRBL, v. p.56):

“When the sentiment of the speaker is expressed in a neat, clear, plain, and clever manner, and the passion or affection he is possessed of and intends, by sympathy, to communicate to his hearer, is plainly and cleverly hit off, then and then only the expression has all the force and beauty that language can give it.”

Therefore, to carry out this communication, speech must incorporate the following stylistic qualities: (i) perspicuity, (ii) brevity, (iii) propriety, and (iv) order¹³. Moreover, for communication to be successful, the speaker must be bound by two ethical requirements: veracity and sincerity.

This model of communication can be represented as the function F_2 (Em, E, Rc, σ , S); where Em, E, Rc and S represent the same as in F_1 (section III, 1) and the combination σ contains the choices of a rational speaker. In sympathetic communication, the speaker wants the listener to recognize her intention vis-à-vis her expression. This expression carries the aforementioned stylistic conditions: (i) relevance, (ii) propriety, (iii) brevity, (iv) informativeness, (v), perspicuity, or non-ambiguousness. The speaker recognizes the intention by way of an inference process in which the combination formed in σ is comprised of knowledge, beliefs, and common uses as well as mutual expectations with the speaker.

III.-3.- Sympathy and persuasion

¹³ Some of these stylistic characteristics were proposed by Theophrastus of Eresus (370-285 B.C.E). Cicero addresses them in *De Oratore* (I. 144): Expression, says Cicero, must be orderly, grammatically correct, clear and proper. The rhetoric of Theophrastus is found now in William Fortenbaugh (1992). Propriety is the foundation of Smith's TMS; see S. McKenna (2006)

Sympathy and persuasion are quite different communicative strategies in Smith. Sympathy is related to understanding the behavior of the others and the approving of disapproving it, while persuasion seeks for changing the behavior of the hearer. Persuasion looks for a shift in the preferences of the listener taking them to the hearer.

When in TMS (VI. i. p.213), Smith takes up the character of the individual, he stresses the differences between understanding the other and persuasion. The former employs features of sympathetic communication, while the latter employs “cunning devices”. Persuasion shows up when necessary and in order to avoid the use of force (TMS II.ii.p.81). And, in TMS IV, I, it is directly related to utility. In this place Smith explains that men behave according to two principles : i) sympathy, and ii) persuasion. Persuasion, but not sympathy, is bound to the interest of the persuader. Sympathy , but not persuasion, produces satisfaction in the spectator. Sympathy, but not persuasion, is triggered by the own accord of the Individual.

In TMS persuasion is illustrated with the case of those who lack interest in the others, that is, those who lack sympathy. Thus when sympathy does not move the person to act, persuasion can . But the persuader has an interest in moving the other to act . In particular, the persuader makes appeal not to sympathy to a certain “love of system” in order to move men to act. The following text (TMS IV. i. p.186) illustrates this scheme: i) utility of an object, ii) lack of interest in the object by one person, iii) interest of persuader, iiiii) discourse of persuasion showing “the love of system” of the person to change her mind:

“If you would implant public virtue in the breast of him who seems heedless of the interest of his country, it will often be to no purpose to tell him what superior advantages the subjects of a well-governed state enjoy; that they are better lodged, that they are better clothed, that they are better fed. These considerations will commonly make no great impression. You will more likely to persuade, if you describe the great system of public police, which procures these advantages, if you explain the connections and dependencies of its several parts, their mutual subordination to one another...”¹⁴

Having made this description, says Smith (TMS IV. i. p.186), “ It is scarce possible that a man should listen to a discourse of this kind, and not feel himself animated to some degree of

¹⁴ We think this text shows that love of system may spur the conduct of those whose sympathy is blocked. On “love of system” in Smith, see D. Diatkine, 2010. “Vanity and the love of system in *Theory of Moral Sentiments*”. *Euro. J. History of Economic Thought*, 17:3.383-404.

public spirit.” Thus the persuader shifts the preferences of the persuadee. On the contrary, sympathetic communication is devoided of interest, it is free and it aims at sharing of sentiments (TMS IV. ii. p.337).

Sympathy, or the sharing of sentiments, but not persuasion, is the cause of pleasure in conversation:

“The great pleasure of conversation and society, besides, arises from a certain correspondence of sentiments and opinions, which like so many musical instruments, coincide and keep time with another.”

(TMS, Part VII. iv. p.337)

So sympathy and persuasion cannot be identified. In fact, Dellemotte (2005) rightly observes that persuasion may involve the manipulation of sentiments. Moreover, the listener may be less instructed than the speaker (Dellemotte, 2004). In this case, the persuader may take advantage of the persuadee, which in no case occurs with true sympathy. Indeed, Smith (WN III. ii. p. 388) argues that masters resort “to persuading his inferiors” when they cannot employ slaves. In WN III. ii. p. 387 Smith claims that:

“A person who can acquire no property, can have no other interest but to eat as much, and to labour as little as possible. Whatever work he does beyond what is sufficient to purchase his own maintenance, can be squeezed out of him by violence only and not by any interest of his own”

Since masters and either slaves or free men do not share the same interests, masters are “obliged to condescend and persuade his inferiors”. In such a case, the persuader acts “as if it were in the interest of the exchange” (Dellemotte, 2005, p.61) between master and slaves or free men.

If pure sympathy operated in the exchange of goods, the butcher might sympathize with us and give us meat on account of his sentiment of benevolence. But it is self-interest, a motive rather than a sentiment, that triggers the exchange, as Smith first clearly states (WN I.ii. p.25). And in WN (I. x. c p.150), Smith blames merchants and manufacturers for identifying their interest with the general interest through persuasion :

“They [landlords, farmers, and labourers] have commonly neither inclination nor fitness to enter into combinations, and the clamour and sophistry of merchants and manufacturers easily persuade them that the private interest of a part, and a subordinate part of society, is the general interest of the whole.”

Smith makes clear (WN I. xi. pp.266-7) that those who live by profit, the owners of stock, have not the same interest as landowners and labourers. Merchants and manufacturers possess a sharper judgment than the country gentleman, which renders visible in the use of persuasion:

“It is by this superiority of knowledge of their own interest that they [merchants] have frequently imposed upon his [the country gentleman] generosity, and persuaded him to give up both his own interest and that of the public”.

Accordingly, Smith makes merchants, manufacturers, and dealers suspicious of deception and their proposals of laws and regulations “ought always to be listened to with great precautions”.

We may conclude that Smith makes a strong opposition between two types of orders: the order of merchants, traders, and dealers, and the order of farmers and country gentlemen. These two orders are attributed by Smith two types of communication. Traders live collected in towns, while farmers live dispersed in the country. Town and country differ widely, according to Smith. One difference corresponds to their mode of communication. Traders have “the corporation spirit, the jealousy of strangers, the aversion ...to communicate the secret of their trade”. As for farmers and gentleman (WN IV. ii, p. 462)

Farmers and country gentlemen, on the contrary, are generally disposed rather to promote than to obstruct the cultivation and improvement of their neighbours farms and estates. They have no secrets, such as those of the greater part of manufacturers, but are generally rather fond of communicating to their neighbours, and of extending as far as possible any new practice which they have found to be advantageous.

It seems therefore reasonable to conclude that merchants tend to persuasive communication, while that of farmers and country gentlemen to sympathetic communication.

IV.- BUT LANGUAGE AND TRADE ARE ALSO FOUNDED IN TRUST AND REPUTATION

In the previous discussion we have teased two styles of communication out of Smith's writings. These styles play different, though related, roles in human behavior as envisaged by Smith. Both sympathetic and persuasive communication lead to cooperation among speakers, but cooperation by sympathy and cooperation by persuasion have different properties. Assume that players are allowed linguistic communication. Then players could either attain an agreement or reduce the solution concepts of the game. This bears out Smith's idea that indeed language use makes possible cooperation, the division of labour in particular. Furthermore, assuming that linguistic communication aims at understanding – guided by Grice's Cooperative Principle and maxims (Grice 1989, pp.26-28) – as it is done in the traditional study of language (Humboldt 1836, § 8), philosophy of language (Husserl 1900) as well as in contemporary linguistics (Sperber and Wilson 1996), in talk exchanges “there is a common aim,..., each party should identify himself with the transitory conversational interests of the other” (Grice 1989, p.29). This point grounds linguistic communication in sympathy. Talk exchanges are ruled by sympathy in that (i) “each participant recognizes in them, to some extent, a common purpose or set of purposes, or at least a mutually accepted direction”, (ii) both participants “know or assume” mutual knowledge and thinking of the kind, he knows and knows that I know he knows (Grice, 1989, p. 31 ; Schiffer, 1988), and (iii) linguistic communication intends “psychological states which initially attach to one creature be transmitted or transferred or reproduced in another creature” (Grice, 1989, p.286-287). These three features adequately represent, we believe, the way Smith (TMS VII. iv. pp. 337) views the free communication of sentiments and opinions, or sympathetic communication:

“The great pleasure of conversation and society, besides, arises from a certain correspondence of sentiments and opinions, from a certain harmony of minds, which, like so many musical instruments, coincide and keep time with another. *We all desire, upon this account, to feel how each other is affected, to penetrate into each other's bosoms, and to observe the sentiments and affections which really subsist there*”

Grice's maxims for linguistic communication assure that talk exchanges lead to an informational equilibrium between speaker and hearer such that no one changes the preferences of the other. This sympathetic model of communication is driven by principles that allow speaker and hearer to infer the communicative intention and the true content of the message sent by the speaker. Thus the main goal of sympathetic linguistic communication, we insist, does not

aim at shifting the interests of the hearer, as in the case of persuasion, but at exchanging information and psychological states. Finally, what is specially relevant for our purpose is that Grice's Cooperative Principle and maxims (Grice 1989, p. 26) assume that both speakers and hearers in a linguistic community besides sharing the same interests, say the truth, and are sincere. In this way sympathetic linguistic communication assumes trust in linguistic exchanges, or in Smith's words: "Frankness and openness conciliate confidence" (TMS VII. iv. p.327).

Trust plays an important role in Smith's vision of civil society; and many examples can be quoted from WN. Trust is mentioned, for instance, when Smith values the role played by professionals like doctors or attorneys:

"We trust our health to the physician; our fortune and sometimes our life and reputation to the lawyer and attorney. Such confidence could not safely be reposed in people of a very mean or low condition. Their reward must be such, therefore, as may give them that rank in the society which so important trust requires. (WN, I.x.b p.134)"

Or in the case of the banking business:

"When the people of any particular country have such confidence in the fortune, probity, and prudence of a particular banker, as to believe that he is always ready to pay upon demand such of his promissory notes are as likely to be at any time presented to him; those notes come to have the same currency as gold and silver money, from the confidence that such money can at any time be had for them. (WN, II.ii. p.250)"

Or in the institutions of the free market:

"A country that has no mines of its own must undoubtedly draw its gold and silver from foreign countries, in the same manner as one that has no vineyards of its own must draw its wines... We trust with perfect security that the freedom of trade, without any attention of government, will always supply us with the wine which we have occasion for: and we may trust with equal security that it will always

supply us with all the gold and silver we can afford to purchase or to employ, either in circulating our commodities, or in other uses. (WN, IV, I, p.435)”

Or trust in governments:

“Commerce and manufacturers, in short, can seldom flourish in any state in which there is not a certain degree of confidence in the justice of government. The same confidence which disposes great merchants and manufacturers, upon ordinary occasions, to trust their property to the protection of a particular government, disposes them, upon extraordinary occasions, to trust that government with the use of their property. (WN, V. iii) “

It should be noted that in all these cases, are not deceitful practices that drives exchange and commerce. Probity becomes, however, the basic condition for prosperity. And veracity and trustworthiness are the most efficient strategies for merchants and entrepreneurs in a world in which contacts and transactions are frequent. In LJ Smith writes (LJ, p. 538-539):

“Whenever commerce is introduced into any country, probity and punctuality always accompany it. These virtues in a rude and barbarous country are almost unknown. Of all the nations in Europe, the Dutch, the most commercial, are the most faithful to their word. The English are most so than the Scotch, but much inferior to the Dutch, and in the remote parts of this country they (are) far less so than in the commercial parts of it. This is not at all to be imputed to national character, as some pretend. There is no natural reason why an Englishman or a Scotchman should not be as punctual in performing agreements as a Dutchman. It is far more reducible to self interest, that general principle which regulates the actions of every man, and which leads men to act in a certain manner from views of advantage, and is as deeply implanted in an Englishman as a Dutchman. A dealer is afraid of losing his character, and is scrupulous in observing every engagement. When a person makes perhaps 20 contracts in a day, he cannot gain so much by endeavouring to impose on his neighbours, as the very appearance of a cheat would make him lose.”

The one shot game of the Machiavellian politician or ambassador becomes a repetitive game in the case of merchants. The strategy of fraud brings large benefits in the short term, but prevents a merchant from continuing in his profession successfully because he earns a

reputation as an untrustworthy person. The conclusion is clearly that integrity is profitable and the merchant who wants to maximize his gains will be honest and will not use persuasive language to cheat his clients. And frequent dealings could change the behavior of the Machiavellian politician and ambassadors:

“But if states were obliged to treat once or twice a day, as merchants do, it would be necessary to be more precise in order to preserve their character. Wherever dealings are frequent, a man does not expect to gain so much by any one contract as by punctuality in the whole, and a prudent dealer, who is sensible of his real interest, would rather chuse to lose what he has a right to than give any ground for suspicion. Every thing of this kind is (as) odious as it is rare. When the greater part of the people are merchants they always bring probity and punctuality into fashion, and these therefore are the principal virtues of a commercial nation.”¹⁵

It is interesting to note that Smith made also reference to ambassadors and treaties in TMS. In part III, chapter 3, “Of the Influence and Authority of Conscience” Smith used his theory of the impartial spectator to explain ambassador’s behaviour. He wrote that:

“The property of our moral sentiments is never so apt to be corrupted as when the indulgent and partial spectator is at hand, while the indifferent and impartial one is at a great distance...In war and negotiation, therefore, the laws of justice are seldom observed. Truth and fair dealing are almost totally disregarded. Treaties are violated; and the violation, if some advantage is gained by it, sheds scarce any dishonour upon the violator. The ambassador who dupes the minister of a foreign nation, is admired and applauded. The just man who disdain either to take or to give any advantage, but who would think it less dishonourable to give than to take one; the man who, in all private transactions, would be the most beloved and the most esteemed; in those public transactions is regarded as a fool and an idiot, who does not understand his business.”¹⁶

¹⁵ Smith (1766/1978), pp. 538-539.

¹⁶ Smith (1759/1976), pp. 154-155. We are thankful to Prof. Carlos Rodríguez Braun for drawing our attention to this text.

This conclusion is well-known in game theory. Parties have incentives to cooperate where they are involved in a repeated game without a specific deadline determining the end of the relationship (the latter is an important though certainly not a necessary condition for cooperation as it avoids the problem of backward induction). And this condition may be sufficient to explain why, though parties have the same objectives, it is possible to encounter very different strategies when the frequency condition is not present.

It is true that, as we have seen, Smith embraces in some parts of his work the persuasive model of communication also for the exchange of goods. Smith's prototype of persuasive rhetoric, in fact, is consistent with a concept of malicious cooperation, in that the listener is manipulated to a greater or lesser degree during the exchange of goods. And merchants would like to use this persuasive rhetoric if it would allow them higher profits. It is the case of rural Scotland, mentioned in his text of LJ. But when trade is frequent and regular, the market makes it impossible.

Contemporary theories on the pragmatic studies of language, which were inaugurated with Grice (1967), are centered on the assumption that speakers cooperate¹⁷. When, by way of sympathy, or self interest, a link of trust is generated between speaker and listener, a preliminary path is initiated toward social cooperation and the exchange which underlie both language and trade. Persuasion is no longer necessary for exchange, since, as Smith claims, persuasion directs and dominates the listener. In fact, if language is an evolutionarily stable system, it is due to the fact that cooperative communication has been imposed over this Machiavellian form of communication, even though this latter form has not been altogether excluded. But if Smith's two savages developed language, it is because, by living together, they would have acted with the trust which sympathy produces. As a matter of fact, experimental tests of the prisoner's dilemma reveal that when players are allowed to talk and negotiate they find a cooperative solution in most cases.¹⁸

V. - CONCLUSIONS

Adam Smith made a significant and original contribution to the study of language by laying the foundation to Locke's claim that language is a means of communication. Upon doing

¹⁷ According to this theory, Machiavellian communication is a type of secondary communication for human beings. In the usual conversational communication, language is not used as if it were didactic or deliberative rhetoric with the objective to alter the behavior of the listener.

¹⁸ Robert Frank in *Empathy and Fairness* (2006). An experiment shows that 30 minutes of conversation are enough to induce 74% of the players to negotiate.

so, Smith justifies that language is a necessary method of communication for social cooperation, whose function is to coordinate the actions of speakers. In studying language, Smith conceives of two different means of communication: persuasive, or Machiavellian, and sympathetic. For Smith, the persuasive mode is that which eventually gives rise to social cooperation and, hence, the division of labor, while the sympathetic variety represents the communication of sentiments, or intentions of the speaker in a veracious and sincere way. Nevertheless, Machiavellian communication is flawed as that it does not permit the establishment of stable cooperation between two speakers, since the speaker obtains more benefits than the listener, and does not fix any notion of trust between the two interlocutors. Frequency of dealings forces speakers to use sympathetical communication in order to maximize profits. According to Smith political and diplomatic language are based on deceitful persuasion; but merchants that wish to maximize their profits in the long run have to use a different language because reputation is essential for their business. It is a different means of communication, which fosters trust between both and, in essence, gives way to social cooperation which serves as the cornerstone of both language and trade¹⁹.

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¹⁹ Recent research concerning empathy, such as that which was presented at the Novartis Foundations Symposium 278, *Empathy and Fairness*, Chichester, U.K., John Wiley and Sons (2006), supports the idea that empathy is a cornerstone both of cooperation and justice.

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